

Message Text

CONFIDENTIAL

PAGE 01 KATHMA 05292 221203Z

20

ACTION NEA-05

INFO OCT-01 ISO-00 DRC-01 RSC-01 /008 W

----- 078900

R 220630Z DEC 73

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 7147

C O N F I D E N T I A L KATHMANDU 5292

STADIS//////////

E.O. 11652: GDS

SUBJECT: EX-IM BANK CONSIDERATION OF ROYAL HOTEL PROJECT

REF: STATE 248348; KATHMANDU 5291

1. ON DEC 18, DR. JOGENDRA JHA (FIANCIAL ADVISOR TO HRH PRINCE BASUNDHARA AND ONE OF MAJOR PROMOTERS OF HOTEL ROAYL PCOJECT) CALLED ON AMB CARGO TO INFORM HIM OF EX-IM BANK CONCERN ABOUT FINANCING OF HOTEL ROYAL PROJECT. OUR COMMENTS ON CONCERN OF EX-IM BANK CONTAINED KATHMANDU REFTEL.

2. WE URGE THAT DEPARTMENT DO WHATEVER IT CAN TO GET EX-IM BANK BACK ON BOARD. AS WE HAVE ALREADY POINTED OUT LACK OF SUITABLE HOTEL FACILITIES IS MAJOR PRESENT CONSTRAINT CONCEIVABLE THAT ENERGY CRISIS COULD HAVE SOME EFFECT ON INTERNATIONAL TOURISM, WE CANNOT VISUALIZE IT HAVING MAJOR IMPACT ON PROFITABILITY LUXURY CLASS HOTELS IN NEPAL, AS PRESENT DEMAND FAR OUTWEIGHS AVAILABILITIES. WE ARE ALSO AWARE THAT IBRD HOTEL PROJECTS (FOR YAK AND YETI, AND ANNAPURNA EXPANSION) ARE RUNNING INTO ADMINISTRATIVE DIFFICULTIES HERE RELATED TO OWNERSHIP INTERESTS THAT COULD RESULT IN CONSIDERABLE DELAYS. THIS WOULD MAKE HOTEL ROYAL PROJECT OF EVEN MORE IMPORTJNCE, AS WE ARE TOLD THAT CONSTRUCTION OF ROYAL COULD BEGIN EARLY IN 1974 SHORTLY AFTER SIGNING OF LOAN AGREEMENTS.

3. NEWS THAT EX-IM BANK HAD INDICATED WILLINGNESS TO PARTICIPATE IN FINANCING OF ROYAL RECEIVED WIDE COVERAGE IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KATHMA 05292 221203Z

LOCAL PRESS AND WAS WELCOMED BY GOVERNMENT OFFICIALS.

DECISION BY BANK AT THIS TIME TO WITHDRAW WOULD BE MAJOR DISAPPOINTMENT TO GON, AND COULD HAVE EFFECT ON FINANCING OF OTHER HOTEL AND TOURIST PROJECTS, AS DECISION TO WITHDRAW BY MAJOR FINANCIAL INSTITUTION SUCH AS EX-IM BANK COULD GIVE RISE TO SNOWBALLING FEARS ABOUT FUTURE OF TOURISM IN NEPAL. THIS OF COURSE WOULD BE SELF-FULFILLING PROPHECY, AS TOURISM IN NEPAL CANNOT GROW WITHOUT A SIGNIFICANT EXPANSION HOTEL FACILITIES. AS TOURISM IS SECTOR ON WHICH GON HAS PINNED MUCH OF ITS HOPES, THIS WOULD BE REAL SETBACK.

4. WHILE WE ARE ENTIRELY CLEAR ON FUTURE PROSPECTS AND IMPORTANCE OF TOURISM IN NEPAL AND NEED FOR ADDITIONAL HOTELS, WE ARE NOT IN POSITION TO COMMENT ON NEPALESE AND INDIAN INTERESTS INVOLVED IN PROMOTION OF HOTEL ROYAL, OTHER THAN TO SAY THAT PALACE INTERESTS, THROUGH PRINCE BASUNDHJRA, ARE INVOLVED/ WE DO NOT WISH OUR OVERALL SUPPORT OF PROJECT TO BE TAKEN AS ENDORSEMENT OF LOCAL BACKERS SINCE FINANCIAL ARRANGEMENTS IN NEPAL ARE OFTEN COMPLEX AND MYSTERIOUS, AND WE SIMPLY DO NOT HAVE THE INFORMATION WHICH WOULD ENABLE US TO COMMENT ON FINANCIAL STANDING OF MAJOR BACKERS.

CARGO

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, TOURISM, ECONOMIC CONDITIONS, HOTELS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 DEC 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KATHMA05292
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: KATHMANDU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973129/aaaaafzw.tel
Line Count: 83
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: STATE 248348; KATHMANDU 5291
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 04 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Jan-2002 by willialc>; APPROVED <18-Jan-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EX'IM BANK CONSIDERATION OF ROYAL HOTEL PROJECT
TAGS: ETRD, NP
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005